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| APPLICATION NO. | FILING DATE | FIRST NAMED INVENTOR | ATTORNEY DOCKET NO. | CONFIRMATION NO. |
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| 10/041,752 | 01/07/2002 | Deborah A. Dixon | 4103/1 | 3202 |
| 29858 | 7590 | 09/14/2005 | EXAMINER | |
| BROWN, RAYSMAN, MILLSTEIN, FELDER & STEINER LLP 900 THIRD AVENUE NEW YORK, NY 10022 | | | KYLE, CHARLES R | |
| | | ART UNIT | PAPER NUMBER | |
| | | | 3624 | |

DATE MAILED: 09/14/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

| | | |
|------------------------------|------------------------|---------------------|
| Office Action Summary | Application No. | Applicant(s) |
| | 10/041,752 | DIXON ET AL. |
| | Examiner | Art Unit |
| | Charles Kyle | 3624 |

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) Responsive to communication(s) filed on 07 January 2002.
 2a) This action is FINAL. 2b) This action is non-final.
 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) Claim(s) 13-34 is/are pending in the application.
 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
 5) Claim(s) _____ is/are allowed.
 6) Claim(s) 13-34 is/are rejected.
 7) Claim(s) _____ is/are objected to.
 8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) The specification is objected to by the Examiner.
 10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.
 Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
 Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
 11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
 a) All b) Some * c) None of:
 1. Certified copies of the priority documents have been received.
 2. Certified copies of the priority documents have been received in Application No. _____.
 3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|---|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____. |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) Paper No(s)/Mail Date <u>1/13/03, 5/14/03</u> | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| | 6) <input type="checkbox"/> Other: _____. |

DETAILED ACTION

Claim Rejections - 35 USC § 112

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claim 20 is rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. It recites the phrase "healthy financial practices". One of ordinary skill in the art of financial management would not know specifically what constitutes such practices.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 13-34 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right

to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See *In re Toma*, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson*, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. *In re Toma* at 857.

In Toma, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in State Street Bank & Trust Co. v. Signature Financial Group, Inc. never addressed this prong of the test. In State Street Bank & Trust Co., the court found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See State Street Bank & Trust Co. at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under §101, but rather under §§102, 103 and 112." See State Street Bank & Trust Co. at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, State Street abolished the Freeman-Walter-Abele test used in Toma. However, State Street never addressed the second part of the analysis, i.e., the "technological arts" test established in Toma because the invention in State Street (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the Toma test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a §101 rejection finding the claimed invention to be non-statutory. See *Ex parte Bowman*, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001), non-precedential but cited for its reasoning.

In the present application, Claims 13-34 have no connection to the technological arts. None of the steps indicate any connection to a computer or technology. The method could be performed using a purely manual system. Therefore, the claims are directed towards non-statutory subject matter. To overcome this rejection the Examiner recommends that Applicant amend the claims to better clarify which of the steps are being performed within the technological arts, such as incorporating a computer network or electronic network into the preamble and steps.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

Claims 13-30 are rejected under 35 U.S.C. 103(a) as being unpatentable over *Department of Labor and Workforce Development, Unemployment Insurance*, hereinafter, *Insurance* in view of US 5,966,693 Burgess.

As to Claim 13, discloses the invention substantially as claimed, including in a method for managing a consumer's unemployment risk (Whole Document), the steps of:
receiving funds to fund unemployment insurance (page 2, para. 1);
allocating a first portion of the funds to a defined unemployment insurance vehicle based at least in part on employment data (page 2, para. 2); and

dynamically adjusting the allocation in response at least in part to one or more changes in the employment data (page 2, para3).

Insurance does not specifically disclose additional limitations of allocating a second portion of the funds to a defined savings contribution vehicle and dynamically adjusting the allocation between the first portion and the second portion in response at least in part to one or more changes in the experience data. *Burgess* discloses allocation of funds between an insurance program and savings vehicle at Col. 2, lines 36-67 and allocation between the first portion and the second portion in response at least in part to one or more changes in the experience data at Col. 2, lines 55-67. It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the teachings of *Insurance* to include the savings aspects of *Burgess* because this would provide a method to for supplying unemployment benefits while also encouraging savings, as disclosed by *Burgess* at Col. 1, lines 19-27.

Regarding Claim 14, *Insurance* discloses payment for eligible living expenses during an unemployment period at page 1, para. 1.

Regarding Claim 15, *Insurance* discloses benefits after involuntary unemployment at para. 1.

As to Claim 16, *Insurance* does not specifically disclose that a component of the insurance policy is an FDIC insured financial instrument. Official Notice is taken that it was old and well known to use FDIC insured instruments for investment because of their safety. For instance, Certificates of Deposit in federally insured banks provide a benefit of bearing low risk

of loss, given the backing of the United States government. It would have been obvious to one of ordinary skill in the art at the time of the invention to use such instruments to minimize risk of loss to an insured person in the combination of *Insurance* and *Burgess*.

Regarding Claim 17, *Burgess* discloses non-FDIC financial instruments as a component of an insurance policy at Col. 2, liens 36-37.

As to Claim 18, *Burgess* discloses the limitations at Col. 2, lines 36-39.

As to Claim 19, *Burgess* discloses monitoring consumer use of the financial product at Col. 2, liens 36-54; the disclosed calculation of interest on funds borrowed against inherently requires such monitoring and measurement.

As to Claims 20-21, *Burgess* discloses the limitations at Col. 9, lines 54-62.

Regarding Claims 22-23, see the discussion of Claims 18 and 16-17 respectively.

As to Claims 24-28, allocation by the consumer of the remainder portion would have been obvious to allow the insured to optimize the financial benefit form amounts available to invest or provide benefit.

Regarding Claim 29, see the discussion of Claims 1 and 20. The last phrase of Claim 29 equates to providing economic benefit to an insured with favorable claims experience by premium reduction; this is old and well known in the business of insurance.

As to Claim 30, increasing a rate of return on an investment was an old and well known way to provide benefit to an investor, e.g. providing more interest income.

Claims 31-34 are rejected under 35 U.S.C. 103(a) as being unpatentable over *Department of Labor and Workforce Development, Unemployment Insurance*, hereinafter, *Insurance* in view of US 5,966,693 Burgess and further in view of US 2002/013717 *Ando et al.*

As to Claims 31-32, *Insurance* does not specifically disclose that funds are received on a periodic (monthly) basis to pay for an insurance component. *Ando* discloses this limitation at para. 7. It would have been obvious to one of ordinary skill in the art at the time of the invention to modify *Insurance* to include the monthly premiums of *Ando* because this would provide predictable payments for the insured and a predictable revenue stream for the issuer of the integrated financial product.

Regarding Claim 33, *Ando* discloses rewarding a customer for proper behavior at para. 17. It would have been obvious to one of ordinary skill in the art at the time of the invention to modify *Insurance* with this teaching because this would reward customer's for the proper behavior of timely payments.

As to Claim 34, see the discussion of Claims 29 and 33.

Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Charles Kyle whose telephone number is (571) 272-6746. The examiner can normally be reached on 6:30 to 3:00.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached on (571) 272-6747. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Art Unit: 3624

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

crk
September 7, 2005

Examiner Charles Kyle

A handwritten signature in black ink that reads "Charles Kyle". The signature is fluid and cursive, with "Charles" on top and "Kyle" on the bottom, slightly overlapping.